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The relationship between social responsibility, reputation, and corporate performance: A study of the hotel industry

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ABSTRACT

This study examined the relationship between corporate social responsibility (CSR), reputation, and corporate performance in the hospitality sector. Based on the Triple-bottom line theory, the CSR of hotel businesses focuses on three important aspects: economic, social, and environmental. Research data were collected from 307 hotel managers. Using structural equation modeling (SEM), the study showed that CSR had a positive impact on corporate performance through reputation. This study contributes to the literature on CSR and sustainable tourism development in the context of climate change in the hotel industry.

TÓM TẮT

Nghiên cứu này nhằm mục đích xem xét mối quan hệ giữa trách nhiệm xã hội của doanh nghiệp (CSR), danh tiếng và hiệu quả hoạt động của doanh nghiệp trong lĩnh vực khách sạn. Dựa vào lý thuyết bộ ba cốt lõi bền vững, CSR của doanh nghiệp khách sạn tập trung vào 3 khía cạnh quan trọng là: kinh tế, xã hội và môi trường. Dữ liệu nghiên cứu được thu thập từ 307 nhà quản lý làm việc trong các khách sạn. Bằng việc sử dụng mô hình phương trình cấu trúc (SEM) nghiên cứu cho thấy CSR có tác động cùng chiều tích cực đến hiệu quả hoạt động doanh nghiệp thông qua danh tiếng doanh nghiệp. Nghiên cứu góp phần đóng góp thêm về tài liệu nghiên cứu về CSR và phát triển du lịch bền vững trong bối cảnh ngành khách sạn đang đối mặt với sự biến đổi khí hậu toàn cầu.

1. INTRODUCTION

Vietnam's tourism industry has contributed 9.2% of GDP and up to 15% of GDP, therefore the Vietnamese government considers tourism to be a key economic sector and oriented towards sustainable tourism development until 2030. Although the rapid growth of tourism, including the contribution of the hotel industry, leads to a positive impact on the country's economic development. However, it also has significant negative consequences for society and the natural environment, such as reducing biodiversity, causing water pollution, increasing the amount of waste, and destroying ecosystems in areas where resorts are built [1]. Furthermore, the increasing number of environmentally conscious customers has motivated more hotels to implement sustainable activities [2]. Some hotels are now implementing a number of policies related to environmental protection. This is not only a matter of social responsibility but also helps businesses improve operational efficiency, maintain stable profits, build reputation, and create differences in the market [3]. However, not all hotels are aware of this issue.

There have been many previous studies conducted in the field of tourism and hospitality, however, sustainability in the hotel business is an area that has received little attention. With sustainable management becoming increasingly important as a key business issue, a study [4] presented the theoretical framework for the Triple-bottom line, a theory that posits that organizations need to have a socially and environmentally responsible attitude as well as focus on economic profits to achieve sustainable management. To explain the theory in more detail, the goals are economic (financial benefits), social (business participation in community contributions) and environmental (implementation of environmental protection efforts) needs to be balanced and met for sustainable management of businesses as well as focusing on economic profits to achieve sustainable management. Researchers have thoroughly demonstrated the applicability of the TBL theory to corporate social responsibility (CSR) and its role in sustainable management in hospitality industry contexts. Although many studies have revealed the positive impact of CSR on the performance of businesses in the hospitality sector based on stakeholder theory as well as the resource-based view, its applicability of the TBL theory in the hospitality industry is rarely endorsed by scholars. Furthermore, there are very few previous studies focusing on the environmental aspect when measuring the impact of corporate CSR on corporate performance, while this aspect is becoming increasingly important in the hotel sector. To fill this research gap, this study examines the impact of CSR implementation on corporate performance in the hospitality sector based on the TBL theory. In addition, the study also examines whether implementing CSR helps enhance a business's reputation and how this affects business performance in the hotel sector.

2. RESEARCH METHODS

The TBL theory was first used by [5] and expanded and thoroughly explained in 1998. The TBL theory is used to test and reflect the effectiveness of businesses in three factors: economic, environmental and social. Accordingly, businesses must both ensure

economic profits and consolidate social benefits and sustainable environmental protection. The TBL theory was used in this study to explain the impact of CSR on corporate performance. In the context of the hotel business, CSR in its economic aspect can be reflected in the search for long-term economic benefits for the organization. CSR in the social aspect involves bringing benefits to the community such as participating in charitable activities and improving community welfare. CSR in the environmental aspect involves measures to use recycled materials and reduce emissions and waste, protect the natural environment, choose safe and sustainable food sources, introduce a program to raise employees' awareness of environmental protection, and even encourage customers to join hands in protecting the environment [5]. Based on this discussion and the literature, this study examines the following hypotheses:

H1. CSR in the economic aspect has a positive impact on business performance

H2. CSR in the social aspect positively impacts business performance

H3. CSR in the environmental aspect positively impacts business performance

The conjectured direct relationship between CSR and corporate performance is inconclusive because it ignores a number of other mediating variables that may influence this link [6]. This study cited several studies supporting the mediation of CSR and corporate performance by corporate reputation. CSR can enhance a corporate's reputation. Reputation helps shape consumer attitudes and perceptions about a company [7], with positive perceptions motivating consumer purchases and developing

positive brand associations [8]. Therefore, CSR can enhance a company's reputation, which positively affects its corporate performance.

H4. CSR in the economic aspect positively impacts corporate reputation

H5. CSR in the social aspect positively impacts corporate reputation

H6. CSR in the environmental aspect positively impacts corporate reputation

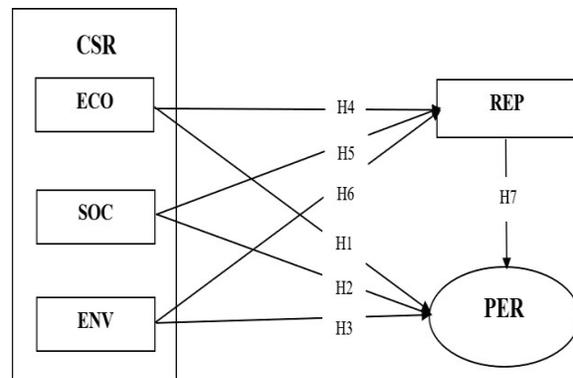H7. Corporate reputation has a positive impact on corporate performance

Figure 1. Hypothesized research model data
(Source: Created by authors)

Da Nang City is one of the tourist attractions most calendar in Vietnam. In recent years, the city's tourism industry has made many strides to invest in developing facilities, diversifying products, building destinations, and tourist routes to attract domestic and foreign tourists. With 343 hotels rated from 1 to 5 stars, including 21,197 rooms, Da Nang City is considered a suitable location for conducting research on the impact of CSR on business performance in the field hotel industry through the mediating variable corporate reputation. An online survey was sent to hotel managers in Da Nang City from June to October 2023. A non-probability convenience sampling technique was used to poll hotel managers on a

five-point Likert scale. The total number of survey questionnaires distributed was 340 research samples, 316 usable questionnaires were received, accounting for 92.9% of the total number of survey questionnaires given out. Of the 316 survey questionnaires collected, after checking, the author eliminated nine invalid survey questionnaires (mainly managers chose only one answer option for all including all questions), and the remaining 307 survey questionnaires were processed (accounting for 97.1%).

The questionnaire consists of six main sections. The first part involved questions about business information, such as hotel name, address, hotel ranking, and the name and position of the person being surveyed. The next five sections were developed to assess respondents' level of agreement on implementing CSR related to economic, social, and environmental aspects that directly impact corporate performance and indirectly impact corporate reputation through the intermediary.

These scales were developed and adapted based on previous studies [9],[10]. The results of the 17 scales are related to the hotel's CSR activities related to economics (four scales), society (four scales), and the environment (nine scales). There were four scales related to corporate reputation and eight scales related to corporate performance. Responses were measured on a five-point Likert scale from 1 (Strongly Disagree) to 5 (Strongly Agree). The respondents were asked to indicate their level of agreement with each scale. All response data were processed with the support of SPSS 26.0, and AMOS 20 software.

3. RESULTS AND DISCUSSION

Descriptive statistics of the sample show that there were 133 middle-level managers participating in the survey, accounting for the highest proportion (43.3 %), followed by 131 senior managers participating in the survey, accounting for 42.7% of the research sample, and the least number of low-level managers with 43 samples, accounting for 14% of the total survey number. Regarding hotel rankings, 4-star ranked hotels accounted for the highest proportion of the total sample, with 130 samples corresponding to 42.3%, followed by 3-star ranked hotels with 103 samples corresponding to 33.6%. Third, the hotel had a 5-star rating with 58 samples, equivalent to 18.9%. 2 and 1 star hotels had the lowest number of samples (14 and 2, respectively) at 4.6% and 0.7%, respectively.

When testing the reliability of Cronbach's alpha of the independent and dependent factors, we see that the results meet the standard, ranging from 0.832 to 0.921, achieving a high-reliability coefficient (>0.6), and the correlation coefficient is high correlation, the sum of the factors was greater than 0.3. Therefore, these 29 observed variables were included in the exploratory factor analysis.

Cronbach's alpha was analyzed using the Principal Axis Factoring extraction method with Promax rotation to separately analyze three independent factors, including 17 observed variables, and two dependent factors, including 12 observed variables. According to [11]:

Table 1. KMO and Bartlett's Test

Kaiser-Meyer-Olkin Measure of Sampling Adequacy	0.957

Bartlett's Test of Sphericity	Approx. Chi-Square	5339.385
	df	406
	Sig.	0.000

0.50.

Figure 2. CFA result

The results of the EFA analysis produce a KMO coefficient of 0.957 ($0.5 \leq KMO \leq 1$), which explains the appropriate sample size for factor analysis, and Bartlett's coefficient has an observed significance level of $0.000 < 0.05$ (there is a correlation between the variables), confirming that the above analysis method is appropriate, the eigenvalue is 1.093 (> 1) and the extracted variance is 64.835% ($> 50\%$), contributing to explaining about 64.835% variation of observed variables, so the extracted variance meets the requirements. All the observed variables had factor loading weights greater than
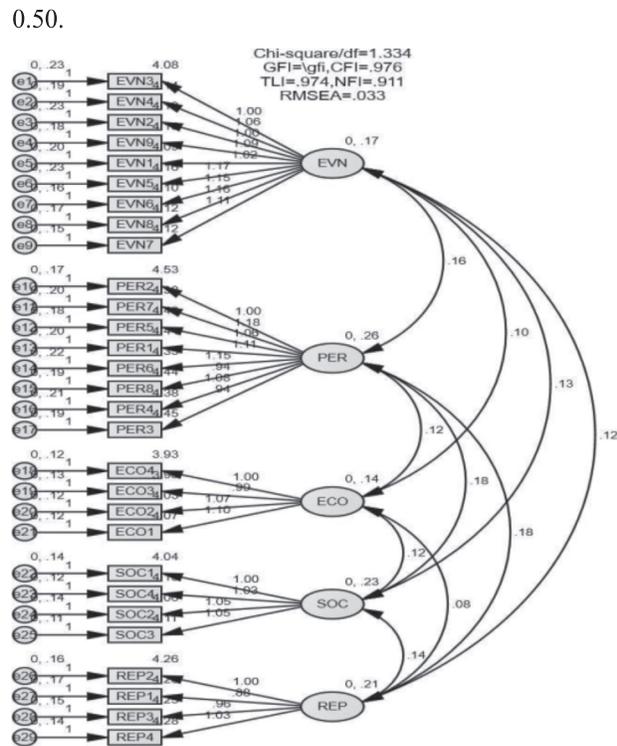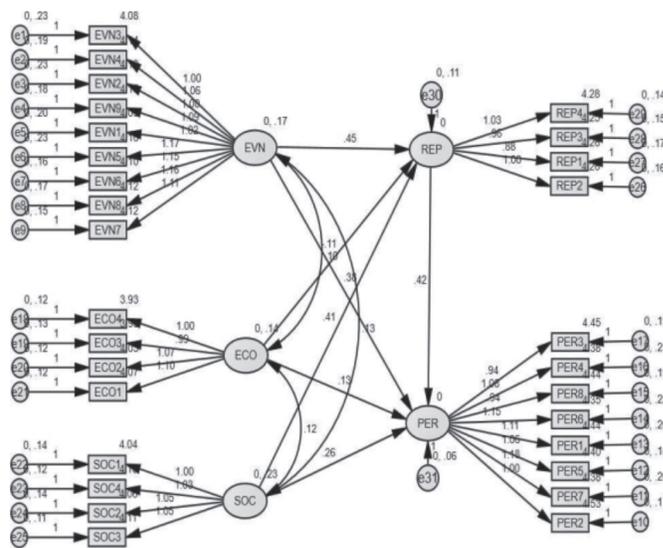

Figure 3. SEM result

CFA results show that Chi-square/df=1.334, TLI = 0.974 and CFI = 0.976, NFI = 0.911 and RMSEA = 0.033, these indicators all show that this model is suitable for survey data. The correlation coefficient shows us that these coefficients are less than 1 (statistically significant). As discussed in the hypothesis proposal and model building section, CSR has a positive impact on corporate performance. This study uses the SEM model to retest the

relationships between CSR, reputation, and

Table 2. Regression weights

			Estimate	S.E.	C.R.	P	Results
REP	<---	EVN	0.451	0.099	4.570	***	Accepted
REP	<---	ECO	-0.106	0.107	-0.998	0.318	Rejected
REP	<---	SOC	0.409	0.086	4.784	***	Accepted
PER	<---	SOC	0.263	0.070	3.754	***	Accepted
PER	<---	ECO	0.129	0.082	1.581	0.114	Rejected
PER	<---	EVN	0.376	0.082	4.608	***	Accepted
PER	<---	REP	0.421	0.069	6.148	***	Accepted

Using the 95% confidence standard, the sig of the ECO's impact on REP is 0.318 > 0.05, the ECO variable has no impact on REP, the sig of the ECO's impact on PER is 0.114 > 0.05, and the ECO variable has no impact on PER. The remaining variables all have a sig equal to 0.000 (AMOS symbol *** is sig equal to 0.000), so these relationships are all meaningful. Thus, there are two variables affecting REP including EVN and SOC, there are two variables that impact PER including EVN and SOC, REP variable has an impact on PER. Of the seven hypotheses, we reject H1, H4 and accept the remaining hypotheses.

Table 3. Standardized regression weights

			Estimate
REP	<---	EVN	0.402
REP	<---	ECO	-0.086
REP	<---	SOC	0.422
PER	<---	SOC	0.247
PER	<---	ECO	0.095
PER	<---	EVN	0.305
PER	<---	REP	0.384
REP	<---	EVN	0.402

Continuing to consider the Standardized Regression Weights table, this is the table of standardized regression coefficients. We rely on the estimated regression coefficients in this table to evaluate the impact of the independent variables on the dependent variable. Among the two variables that impact REP, the order of decreasing impact variables is SOC and EVN. Among the two variables that impact PER, the order of impact decreases: EVN and SOC.

Table 4. Squared Multiple Correlations

	Estimate
REP	0.478
PER	0.775

Finally, we examine the squared multiple correlation table. This table presents the R-squared value of the impact of the independent variables on the dependent variable. The R-squared value of REP is 0.478 = 47.8%; therefore, the independent variables affect 47.8% of the variation in REP. Similarly, the R-squared of PER is 0.775 = 77.5%; therefore, the independent variables affect 77.5% of the variation in PER.

4. CONCLUSION

This study inherits basic theories and results of

business performance in the hotel sector.

previous studies to build a model of the relationship between CSR, reputation and corporate performance. Unlike previous studies that confirm that CSR aspects have a positive impact on corporate reputation and corporate performance, the results of this study show that the economic aspect of CSR does not affect corporate reputation nor does it affect the company's performance. Both social and environmental aspects affect a company's reputation and performance. However, the social and environmental aspects of CSR have a greater impact on a company's reputation and performance. This study also offers a number of policies to help hotel managers improve their reputation and promote business efficiency in the hotel sector. First, develop a specific CSR policy. A specific CSR policy is essential for hotel businesses to ensure that all activities and decisions of managers follow the development direction, goals, and strategies of the business. This set of policies also helps businesses be proactive in the implementation process and improve their CSR. This is also a guideline to help businesses avoid unnecessary scandals related to CSR. Second, develop a code of conduct to implement CSR. When implementing CSR, businesses impact the system of stakeholders such as suppliers, consumers, investors, workers, communities, and the environment. By introducing a common code of conduct, suppliers will commit to providing environmentally friendly input materials in accordance with the regulations. Employees rely on this set of standards to ensure business goals and coordinate environmental protection, such as reusing materials, reducing energy waste, and

actively participating in issues related to community and social support. When all actions in the process of implementing social responsibility are predetermined, businesses create their own cultures and identities. This is an important premise for the sustainable development and future orientation of each business. Third, set aside recurring annual expenses for CSR activities. To improve their reputation and create a brand for businesses in the hotel industry, managers need to set aside regular annual expenses for CSR activities. This cost is intended to help businesses improve the quality of services and human resources, while gradually building a brand associated with social and environmental activities. Final, build a good reputation for hotel businesses. Propagating and coordinating with customers in implementing CSR also has a positive effect on enhancing business reputation as a socially responsible organization, as well as creating a good image in the eyes of customers. These include contributing to localities that often face storms and floods, saving energy during work, and joining the hands to protect the environment. These propaganda actions receive high appreciation from customers and attract attention and consumption from customers who care about the environment. Currently, the number of customers caring about the environment is increasing. The results of this study are limited to hotels in Da Nang city and may not be representative of the hotel industry at the national level. To improve our understanding of the relationship between CSR, corporate reputation, and corporate performance, more research is required in other localities. This will be useful for

hotel managers to operate hotels for sustainable development.

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